

## Message Text

CONFIDENTIAL

PAGE 01 SAIGON 04957 01 OF 03 171058Z

11

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 SSO-00 INRE-00 AID-20

EB-11 FSI-01 PM-07 INR-10 IO-14 L-03 NSAE-00 NSC-07

PA-04 RSC-01 DRC-01 DPW-01 PRS-01 OMB-01 SS-20 /152 W

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O R 170930Z APR 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 3777

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

CINCPAC

CINCPACAF

CO 7 PSYOPS GP

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PAGE 02 SAIGON 04957 01 OF 03 171058Z

CINCPACFLT

CINCUSARPAC  
DEPCHIEF JUSMAAG UDORN  
AMEMBASSY TEHRAN  
USDAO/SAIGON

C O N F I D E N T I A L SECTION 1 OF 3 SAIGON 4957

EO 11652: GDS  
TAGS: PINT PFOR ECON VS  
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY APRIL 11 - 17, 1974

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;  
DOD FOR USAJFKCMA ATTN: ATCS-WL-DSA  
THE WEEK IN SUMMARY

--THE CEASEFIRE

--REACTION TO THE FALL OF TONG LE CHAN RANGER BASE

--POLITICAL PARTIES BILL SIGNED INTO LAW; SOCIAL DEMOCRATIC  
ALLIANCE STILL SHORT OF THE MARK

--LOWER HOUSE PASSES TWO BILLS ON JUDICIARY AND INSPECTORATE

--PRESIDENT THIEU, SENATE CHAIRMAN LAM AGAIN DENOUNCE THE  
"THIRD FORCE"

--PROVINCIAL ELECTION LAW PROMULGATED; CONDITIONS ANNOUNCED  
FOR CANDIDATES

--ECONOMIC AND SOCIAL COUNCIL REPORT PROVOKES COMMENT

--INCIDENT IN SPRATLY ISLANDS

--GVN SUSPENDS PARTICIPATION IN BILATERAL CONSULTATIONS

--GVN ON DRV PREMIER'S VISIT TO SWEDEN

--MONEY SUPPLY DECLINES

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SAIGON 04957 01 OF 03 171058Z

--PRICES

--BLACK MARKET CURRENCY AND GOLD PRICES

I. INTERNAL

A. THE CEASEFIRE

MILITARY ACTIVITY IN MR-1 REMAINED GENERALLY LOW; COMMUNIST ATTACKS IN QUANG NGAI DROPPED BUT GVN 1ST DIVISION UNITS RECEIVED ENEMY GROUND ATTACKS AND ATTACKS BY FIRE IN A SLIGHT INCREASE IN ACTIVITY IN THUA THIEN. IN MR-2 THE OVERALL NUMBER OF INCIDENTS DECLINED BUT HEAVY FIGHTING INVOLVING REGIMENTAL SIZED UNITS OCCURRED NEAR PLEIKU CITY.

ACTIVITY IN MR-3 DECLINED FROM THE HIGH LEVELS OF RECENT WEEKS BUT STILL REMAINED WELL ABOVE THE AVERAGE OF RECENT MONTHS AS NVA DIVISIONS MAINTAINED HEAVY PRESSURE ON GVN POSITIONS IN WESTERN MR-3 AND ON THE PHUOC TUY/LONG KHANH BORDER IN THE EAST. ARVN TROOPS CONTINUED ON ALERT IN EXPECTATION OF MAJOR ENEMY ATTACKS IN A NUMBER OF AREAS THROUGHOUT THE REGION. THE LOSS OF THE TONG LE CHAN RANGER CAMP WHICH HAD BEEN UNDER SEIGE AND RECEIVED ONLY AIR-DROPPED SUPPLIES FOR MORE THAN A YEAR, WAS THE WEEK'S MOST SERIOUS DEVELOPMENT.

INCIDENTS IN MR-4 DROPPED TO THE LOWEST LEVEL SINCE EARLY FEBRUARY, WHICH ONLY DINH TUONG CONTINUING TO REPORT A HIGH LEVEL OF MILITARY ACTIVITY.

IN THE TWO PARTY JOINT MILITARY COMMITTEE (TPJMC) THE GVN REACTED TO REPEATED "PRG" REFUSALS TO ACCEPT LOCAL CEASE-FIRES AND ICCS INVESTIGATIONS AT THE TONG LE CHAN AND DUC HUE RANGER BASES AND THE SUBSEQUENT FALL OF TONG LE CHAN BY SUSPENDING THE "PRG'S" LOC NINH LIAISON FLIGHT, CANCELING THE REGULAR "PRG" PRESS CONFERENCE, AND TREATING TO "REVISE, RESTRICT, OR SUPPRESS" THE 11-POINT LIST OF PRIVILEGES AND IMMUNITIES ACCORDED THE PRG AS A MEMBER OF THE TPJMC.

THE ICCS THIS WEEK INCONCLUSIVELY DEBATED HOW TO GO ABOUT RESUMPTION OF THE CAI LAY INVESTIGATION AND HOW TO COPE WITH THE FINANCIAL CRISIS WHICH THREATENS TO PARALYZE IT IN THE VERY NEAR FUTURE.

#### B. REACTION TO THE FALL OF TONG LE CHAN RANGER BASE

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PAGE 04 SAIGON 04957 01 OF 03 171058Z

THE FIRST PRESS REPORTS OF THE FALL OF TONG LE CHAN APPEARED IN THE NEWSPAPERS DATED APRIL 13, WHICH QUOTED AN APRIL 12 STATEMENT BY THE ARVN MILITARY SPOKESMAN THAT COMMUNICATION WITH THE BASE HAD BEEN LOST FOLLOWING AN ARTILLERY BARRAGE.

THE NEXT DAY'S PAPERS REPORTED THE FIRST EXPRESSIONS OF OUTRAGE AND CONDEMNATION BY THE GVN AND OTHERS. ON APRIL 13, FIFTEEN SENATORS ASKED THAT THE SENATE HOLD A PLENARY SESSION TO "DISCUSS THE SECURITY SITUATION THROUGHOUT THE REPUBLIC OF VIETNAM". SENATE CHAIRMAN LAM WAS QUOTED IN THE PRESS AS SAYING "THE RVNAF WILL FIGHT TO COMPEL THE COMMUNISTS TO PAY DEARLY FOR THEIR PROROCATIVE ACT AND WILL RETAKE TONG LE CHAN". VIETNAM PRESS REPORTED THAT THE SOCIAL DEMOCRATIC ALLIANCE (SDA) PASSED A RESOLUTION ON APRIL 14 CONDEMNING THE ATTACK AND OTHER COMMUNIST MILITARY ACTIONS VIOLATING THE CEASEFIRE. THE SDA APPEALED TO THE ICCS TO BE MORE IMPARTIAL AND MORE ACTIVE

CARRYING OUT ITS MISSION.

OTHER GROUPS SUCH AS THE HOA HAO BUDDHIST ASSOCIATION AND THE DISABLED VETERANS ASSOCIATION HAVE ALSO CONDEMNED THE COMMUNIST ATTACK ON TONG LE CHAN.

DAN CHU, IN AN APRIL 16 EDITORIAL, WONDERED "WHETHER OR NOT THE COMMUNISTS ARE ABOUT TO LAUNCH LARGE-SCALE FIGHTING... THE COMMUNIST DARED TO LAUNCH THE 1968 AND 1972 GENERAL OFFENSIVES, AND THEY MAY WELL MAKE ANOTHER VENTURE UNLESS WE CAN STOP SUCH A RECKLESS DECISION IN TIME. THE DEMOCRACY PARTY DAILY

CONFIDENTIAL

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PAGE 01 SAIGON 04957 02 OF 03 172219Z

67

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 SSO-00 INRE-00 AID-20

EB-11 FSI-01 PM-07 INR-10 IO-14 L-03 NSAE-00 NSC-07

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O R 170930Z APR 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 3778

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

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AMCONSUL DANANG

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USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS UNN

CIA  
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USAFKCMMA  
CINCPAC  
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PAGE 02 SAIGON 04957 02 OF 03 172219Z

CINCPACFLT  
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AMEMBASSY TEHRAN  
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C O N F I D E N T I A L SECTION 2 OF 3 SAIGON 4957

CONTINUED, "WE THINK OUR SIDE MUST TAKE TIMELY AND DETERMINED ACTION. IT IS NOT ONLY THE RVN WHICH MUST ACT STRONGLY - THE ALLIES OF THE RVN DO NOT HAVE THE RIGHT TO LULL THEMSELVES TO SLEEP WITH THE INCOMPLETE RESULTS OF A DISENGAGEMENT PROCESS WHICH IS STILL QUITE UNCERTAIN."

BOTH HOUSES OF THE LEGISLATIVE ON APRIL 16 PASSED CONDEMNATORY RESOLUTIONS WITHOUT OPPOSITION, THOUGH DURING THE DEBATE SOME OPPOSITION SENATORS AND DEPUTIES, NOTABLY IN THE "NATIONALIST GROUP" AND "PEOPLE'S SOCIETY BLAC", CHARGED THAT THE LOSS OF THE CAMP WAS A NATURAL CONSEQUENCE OF PRESIDENT THIEU'S "LACK OF EFFECTIVENESS AND LEADERSHIP."

THERE MAY WELL BE PROTEST DEMONSTRATIONS IN THE COMING DAYS, AS WAS THE CASE AFTER THE PRC SEIZURE OF THE PARACELS.

C. POLITICAL PARTIES BILL SIGNED, INTO LAW; SOCIAL  
DEMOCRATIC ALLIANCE STILL SHORT OF THE MARK

THE UPPER HOUSE APRIL 10 PASSED WITHOUT CHANGE THE BILL AMENDING THE POLITICAL PARTIES LAW (SEE SAIGON 4432) AND SENT IT TO THE PRESIDENT, WHO SIGNED IT INTO LAW APRIL 12. PARTIES HAVING PROVISIONAL REGISTRATION UNDER THE 1972 DECREE LAW ON POLITICAL PARTIES THUS HAVE 24 MONTHS, INSTEAD OF 12 MONTHS, TO MEET THE FULL REQUIREMENTS OF THAT LAW.

THE SOCIAL DEMOCRATIC ALLIANCE (SDA) IS THE ONLY POLITICAL ORGANIZATION SERIOUSLY IN THE RUNNING FOR VALIDATION AS AN OPPOSITION PARTY. UNDER THE OLD LAW, THE SDA HAD UNTIL APRIL 14 TO MEET THE VALIDATION REQUIREMENTS. IT FAILED TO DO SO. A MIDDLE-LEVEL SOURCE WITHIN THE SDA HAS TOLD US THAT, AS OF THAT DATE, THE PARTY HAD OBTAINED FORMAL VALIDATION IN ONLY FIVE OF THE TWENTY EIGHT REQUIRED CONSTITUENCIES, ONE OF WHICH WAS SAIGON. IN SEVENTEEN OTHERS, THE PARTY HAD PRESENTED ITS PAPERS AND WAS

AWAITING ACTION BY THE LOCAL AUTHORITIES. ASSUMING A FAVORABLE  
DECISION IN ALL OF THESE LOCALITIES, THAT LEFT SIX CONSTITUENCIES  
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PAGE 03 SAIGON 04957 02 OF 03 172219Z

WHEN SUBSTANTIVE WORK WAS STILL REQUIRED AS THE DEADLINE PASSED.  
(THE LAW STATES THAT A PARTY MUST BE APPROVED IN 27 CON-  
STITUENCIES PLUS SAIGON. SOUTH VIETNAM HAS 55 CONSTITUENCIES  
INCLUDING THE CAPITAL.) THE SDA IS STILL CONTINUING ITS EFFORTS, BUT  
THERE IS NO TELLING IF AND WHEN IT WILL ACHIEVE ITS GOAL.

THE ONLY OTHER PROVISIONALLY REGISTERED PARTY GIVEN EVEN  
A REMOTE CHANCE OF SUCCESS IS THE REPUBLICAN PARTY LED BY MAVERICK  
SENATOR TRUONG TIEN DAT, FORMED LAST AUGUST. ADDITIONAL PARTIES  
MAY, OF COURSE, EMERGE AS TIME GOES ON. PRESIDENT THIEU'S DEMOCRACY  
PARTY ACHIEVED FULL VALIDATION EARLY LAST YEAR, THE ONLY PARTY  
YET TO DO SO.

D. LOWER HOUSE PASSES TWO BILLS ON JUDICIARY AND INSPECTORATE

THE LOWER HOUSE APRIL 16 CONSIDERED TWO BILLS RETURNED AFTER  
RECENT AMENDMENTS BY THE UPPER HOUSE, ONE ESTABLISHING COURTS OF  
FIRST INSTANCE IN SEVERAL PROVINCES AND MUNICIPALITIES AND THE OTHER  
GIVING THE INSPECTORATE GREATER POWERS IN INVESTIGATIONS OF GOVERN-  
MENT AGENCIES AND GOVERNMENT-RUN ENTERPRISES. (SEE SAIGON 3669, ITEM  
I. F.) THE LOWER HOUSE FAILED TO OVERRIDE THE UPPER HOUSE AMENDMENTS  
IN BOTH CASES, AND THE BILLS NOW GO TO THE PRESIDENT. HE IS  
EXPECTED TO SIGN THEM.

E. PRESIDENT THIEU, SENATE CHAIRMAN LAM AGAIN DENOUNCE THE  
"THIRD FORCE"

PRESIDENT THIEU ADDRESSED A MESSAGE TO THE CAMBODIAN COMMUNITY  
IN SVN ON THE APRIL 14 CELEBRATION OF THE CAMBODIAN NEW YEAR. HE  
STRUCK OUT STRONGLY AT "THOSE WHO PRETEND TO BE OF THE "THIRD  
PARTY" (WHO) ARE TRAITORS AND LACKEYS OF NVN, OF THE NLF, OR OF  
THOSE WHO HAVE BEEN PAID BY THE COLONIALISTS AND ARE HELPERS OF THE  
REBELS." IF THE PEOPLE OF SVN WANT PEACE, PRESIDENT THIEU REPORTEDLY  
SAID, THEY MUST SIDE WITH THE NATIONALISTS AGAINST THE NORTH  
VIETNAMESE AGGRESSORS. HE ALLEGED THAT THE SO-CALLED "THIRD FORCE"  
IS ONLY A CREATION OF THE COMMUNISTS AND IS "NOT SIGNIFICANT" EXCEPT  
AS THEIR TOOL TO "HARRASS THE NATIONALISTS" AND TO "DIVIDE THEIR  
RANKS".

SENATE CHAIRMAN  
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PAGE 01 SAIGON 04957 03 OF 03 171158Z

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O R 170930Z APR 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 3779

INFO AMEMBASSY BANGKOK

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CONFIDENTIAL

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PAGE 02 SAIGON 04957 03 OF 03 171158Z

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C O N F I D E N T I A L SECTION 3 OF 3 SAIGON 4957

G. ECONOMIC AND SOCIAL COUNCIL REPORT PROVOKES COMMENT

THE SAIGON PRESS CARRIED STORIES LAST WEEK ABOUT A REPORT ON THE ECONOMIC SITUATION WRITTEN BY THE NATIONAL ECONOMIC AND SOCIAL COUNCIL, ONE OF THE SPECIAL GOVERNMENT BODIES MENTIONED IN THE CONSTITUTION. THE STUDY WAS REPORTEDLY SENT TO PRESIDENT THIEU, THE NATIONAL ASSEMBLY, AND THE SUPREME COURT, BUT ITS TEXT WAS NOT MADE PUBLIC. AMONG OTHER RECOMMENDATIONS, THE REPORT ALLEGEDLY SUGGESTED THAT ALL "SUPERFLUOUS INSTITUTIONS" OF THE GOVERNMENT SHOULD BE ELIMINATED TO SAVE MONEY. ACCORDING TO ONE EDITORIAL, APPEARING IN THE RESPECTED INDEPENDENT DAILY CHINH LUAN, THE COUNCIL COMPLAINED IN THIS CONNECTION ABOUT "THE ORNAMENTAL CHARACTERS OF POPULARLY ELECTED BODIES WHICH DO LITTLE CONSONANT WITH THEIR HUGE EXPENDITURES". THIS EDITORIAL DID NOT SPECIFICALLY ENDORSE THE COUNCIL'S RECOMMENDATION, BUT IT DECLARED THAT THE NATIONAL ASSEMBLY, PARTICULARLY THE UPPER HOUSE, HAD NOT USED THE POWERS ENTRUSTED TO IT OF CONTROL OVER THE EXECUTIVE, AND THEREFORE THE QUESTION OF THE ASSEMBLY'S USEFULNESS WAS RELEVANT.

THIS STUDY HAS NOT PROVOKED ANY CONSISTENT REACTION AMONG LEGISLATORS, BUT IT DID NOT GO UNNOTICED. DURING THE CUSTOMARY FREE-DEBATE PERIOD PRECEDING THE UPPER HOUSE PLENARY SESSION OF APRIL 11, PRO-ADMINISTRATION SENATOR NGUYEN VAN AN SHARPLY CRITICIZED THE COUNCIL. HOWEVER, SENATOR HOANG XUAN HAO, WHO IS EMERGING AS A LEADING PRO-ADMINISTRATION LEGISLATOR, DELIVERED A SPEECH IN THE SAME FREE-DEBATE PERIOD SUGGESTING THAT THE NATIONAL ASSEMBLY'S POWERS TO SUPERVISE NATIONAL POLICY BE REVITALIZED IN A CONSTRUCTIVE AND SELF-CRITICAL SPIRIT. HAO STRESSED THE NEED FOR AN ASSEMBLY ROLE IN THE ANTI-CORRUPTION FIELD. HAO DID NOT TIE HIS SUGGESTIONS EXPLICITLY TO THE COUNCIL'S REPORT, BUT HE WAS EVIDENTLY INFLUENCED BY IT.

## II. EXTERNAL AFFAIRS

CONFIDENTIAL

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PAGE 03 SAIGON 04957 03 OF 03 171158Z

A. INCIDENT IN SPRATLY ISLANDS. ON 10 APRIL A GVN SPOKESMAN DENIED A WIRE SERVICE STORY THAT AN UNIDENTIFIED FORCE HAD LANDED ON ONE OF THE GVN-OCCUPIED SPRATLY ISLANDS. THE SPOKESMAN DID CONFIRM THAT AN UNIDENTIFIED SHIP HAD PLACED SOME MEN IN SMALL BOATS ABOUT TEN KILOMETERS FROM THE ISLAND OF SON CA BUT THAT THESE HAD DEPARTED WHEN GVN PATROL CRAFT APPEARED ON THE SCENE.

B. GVN SUSPENDS PARTICIPATION IN BILATERAL CONSULTATIONS. AT A PRESS CONFERENCE ON APRIL 16TH THE MINISTER OF FOREIGN AFFAIRS ANNOUNCED THAT BECAUSE OF COMMUNIST CAPTURE OF TONG LE CHAN (SEE ABOVE) THE GVN WOULD SUSPEND ITS PARTICIPATION IN THE GVN/"PRG" BILATERAL TALKS AT LA CELLE-ST. CLOUD UNTIL THE "PRG" PROVED (ITS) GOODWILL FOR PEACE THROUGH CONCRETE ACTIONS" (SAIGON 4897). AT 47TH PLENARY MEETING HELD ON 12 APRIL THE GVN SPOKESMAN HAD DENOUNCED THE COMMUNISTS ACTION AGAINST TONG LE CHAN AND WALKED OUT.



C. GVN ON DRV PREMIER'S VISIT TO SWEDEN. OFFICIAL VIETNAM PRESS ON APRIL 12 PRINTED A REPORT FROM GVN MINISTRY OF INFORMATION OFFICE IN PARIS DESCRIBING ANTI-COMMUNIST AND PRO-GVN DEMONSTRATIONS BY SWEDISH STUDENTS ON THE OCCASION OF DRV PRIME MINISTER PHAM VAN DONG'S VISIT TO STOCKHOLM (STOCKHOLM 1628). THE SAME ARTICLE ALSO REPORTED AN ANTI-COMMUNIST MEETING IN STOCKHOLM AT WHICH VARIOUS SWEDISH SPEAKERS CRITICIZED HANOI REGIME. THE GVN SPOKESMAN ALSO USED THE DAILY PRESS CONFERENCE OF APRIL 12 TO REPORT THAT PHAM VAN DONG WAS FAILING IN HIS EFFORTS TO GET SUPPORT FOR "PRG" AND THAT HIS WORDS REVEALED THE DRV'S CONTINUED RELIANCE ON ARMED ACTION TO TAKE OVER SOUTH VIETNAM. END CONFIDENTIAL

BEGIN UNCLASSIFIED

### III. ECONOMIC

#### A. MONEY SUPPLY DECLINES

VIETNAM'S MONEY SUPPLY (CURRENCY IN CIRCULATION PLUS PRIVATE SECTOR DEMAND DEPOSITS) DECLINED SHARPLY IN EARLY MARCH. OFFICIAL DATA SUPPLIED BY THE NATIONAL BANK SHOWED MONEY SUPPLY AT VN\$269.0 BILLION AS KZ."; )YQOUHCHLQXAIJUCBBB#

WGJWXLVSARYS

PAJJUYTIO# OF CERTAIN PUBLIC SECTOR ACCOUNTS, THIS REPRESENTED

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PAGE 04 SAIGON 04957 03 OF 03 171158Z

A DECLINE OF VN\$4.1 BILLION SINCE THE END OF 1973. REDEFINED TO INCLUDE SAVINGS DEPOSITS, WHICH WERE ALSO SUBJECT TO RECLASSIFICATION, MONEY SUPPLY DECLINED DURING THE YEAR TO MARCH 16 BY VN\$1.1 BILLION.

THE MONEY SUPPLY HAD TAKEN ITS SEASONAL UPSWING IN JAN. MAINLY AS A RESULT OF TET BONUSES TO GOVERNMENT EMPLOYEES AND CENTRAL GOVERNMENT ADVANCES TO PROVINCIAL TREASURIES. BUT AFTER EXPANDING 6 PERCENT TO A HIGH OF VN\$289.6 BILLION ON FEBRUARY 23, A DECLINE SET IN. IN THE FIRST TWO WEEKS OF MARCH, PRIVATE DEMAND DEPOSITS DROPPED VN\$9 BILLION TO VN\$67 BILLION AND CASE IN CIRCULATION DECLINED VN\$9.9 BILLION TO VN\$202 BILLION. DURING THIS PERIOD, CASE ON HAND AT THE TREASURY INCREASED FROM VN\$22.2 BILLION TO VN\$36.8 BILLION, INDICATING THAT THE RECORD LEVEL OF GOVERNMENT TAX REVENUES WAS RUNNING WELL AHEAD OF BUDGET EXPENDITURES DURING THIS PERIOD.

ALTHOUGH SHORT TERM FLUCTUATIONS CAN SOMETIMES BE MISLEADING, THE DECLINE IN MONEY SUPPLY TENDS TO CORRELATE WITH WIDESPREAD REPORTS OF A SHRINKING LEVEL OF ECONOMIC ACTIVITY. GOVERNMENT EMPLOYEES, WHO COMPRISE ALMOST A FIFTH OF THE WORK FORCE, HAVE SEEN THEIR REAL WAGES DECLINE SHARPLY DURING THE PAST YEAR AS PRICES HAVE RISEN 80 PERCENT. MERCHANTS COMPLAIN THAT SALES OF FOOD AS WELL AS LUXURIES ARE DOWN 30-50 PERCENT FROM A YEAR AGO. REPORTS OF FACTORY LAYOFFS OF WORKERS APPEAR MORE FREQUENTLY IN LOCAL NEWSPAPERS AND THE PRODUCTION INDEXES AS OF END-1973 SHOWED NO SIGN OF AN EARLY UPTURN. ON THE FISCAL SIDE, THE GOVERNMENT DECIDED TO REDUCE EXPEN-

DITURES EVEN BEYOND THE CUTS IMPOSED BY THE NATIONAL ASSEMBLY, WHILE REDOUBLING TAX COLLECTION EFFORTS. THE RECENT POL PRICE INCREASES, FOR EXAMPLE, WILL PROVIDE A VN\$40 BILLION REVENUE WINDFALL TO THE GOVERNMENT THIS YEAR.

THE PROSPECTS ARE THAT MONETARY CONDITIONS WILL REMAIN TIGHT THROUGH MID-YEAR. IN THE SECOND HALF THE SITUATION COULD TURN TO ONE OF EXPANSION SINCE GOVERNMENT OUTLAYS TEND TO PICK UP TOWARD YEAR'S END, AND FOREIGN EXCHANGE LIMITATIONS WILL REDUCE THE MONETARY ABSORPTION OF IMPORTS. AS A RESULT OF THE LATTER CONSTRAINT, THE SUPPLY OF GOODS ON THE MARKET COULD BE SERIOUSLY CURTAILED, FURTHER AGGRAVATING WHAT COULD BY THEN BE A DISTURBING INFLATIONARY TREND.

#### B. PRICES

MEAT, POULTRY AND FISH PRICES WERE UP 2-4 PERCENT AGAIN  
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PAGE 05 SAIGON 04957 03 OF 03 171158Z

THIS WEEK, AND THE OVERALL USAID RETAIL INDEX MOVED AHEAD 0.7 PERCENT. NON-FOOD ITEMS WERE VIRTUALLY UNCHANGED, BUT THE FOOD CATEGORY INCREASED 1.2 PERCENT. MEDIUM QUALITY RICE WAS STABLE.

#### C. BLACK MARKET CURRENCY PREMIUM PRICES

GOLD PRICES ROSE US\$3 TO \$153.30/OUNCE THIS WEEK WHILE THE RATE WAS DECLINING BY US\$8 TO \$168.75 IN HONG KONG. THE SAIGON DISCOUNT THUS SHRANK TO 9 PERCENT, STILL SUBSTANTIALLY HIGHER THAN THE 2-3 PERCENT WHICH PREVAILED IN LATE 1973. BLACK MARKET DOLLAR QUOTES WERE UP FROM 603/\$1 TO 612/1 ON APRIL 15. THIS WAS THE FIRST APPEARANCE OF A BLACK MARKET PREMIUM ON THE OFFICIAL RATE SINCE EARLY JANUARY.  
MARTIN

NOTE BY OC/T: (##) AS RECEIVED.

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## Message Attributes

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**Subject:** EMBASSY SAIGON'S MISSION WEEKLY APRIL 11 - 17, 1974 BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;  
**TAGS:** PINT, PFOR, ECON, VS, ICCS, PRG  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005